

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

EA-12 FRB-01 INR-07 IO-14 NEA-10 NSAE-00 USIA-15

OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00

OMB-01 SS-15 ABF-01 /116 W

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R 021440Z NOV 77

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 9810

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION USNATO

AMEMBASSY PARIS

UNCLAS BUDAPEST 3816

USOECD

E.O. 11652: N/A

TAGS: EFIN, EEWT

SUBJECT: CONFERENCE ON EAST-WEST MONETARY AND FINANCIAL PROBLEMS

CONVENES IN BUDAPEST

1. FORTY BANKERS, OFFICIALS AND SCHOLARS FROM BOTH EAST AND WEST MET IN BUDAPEST OCTOBER 16-20 AT A "CONFERENCE ON EAST-WEST MONETARY AND FINANCIAL PROBLEMS" TO DISCUSS:

-- THE MONETARY SYSTEMS OF THE EAST AND WEST AND HOW TO REFORM THEM;

-- CREDIT PROBLEMS, INCLUDING THE PRESENT DEBT OF CEMA

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COUNTRIES AND IMBALANCED TRADE; AND

-- EXCHANGE RATE PROBLEMS.

2. WESTERN PARTICIPANTS INCLUDED JOHN YONG OF THE IMF, HELEN HUGES OF IBRD, DISTINGUISHED U.S. AND EUROPEAN ACADEMICIANS, AND LEADING BANKING FIGURES FROM BOTH

THE U.S. AND EUROPE. FROM THE EAST, THE USSR, POLAND, GDR, CZECHOSLOVAKIA, YUGOSLAVIA AND HUNGARY WERE REPRESENTED. THE HUNGARIAN AND AUSTRIAN REPRESENTATIVES WERE ESPECIALLY NUMEROUS.

3. YOUNG OF THE IMF DISCUSSED REFORM OF THE WESTERN MONETARY SYSTEM. LYUBSKY AND MATYUKHIN OF THE USSR RESPECTIVELY SPOKE OF REFORMING INTRA-CEMA FINANCIAL AND MONETARY SYSTEMS AND THE FUTURE ROLE OF GOLD. FEKETE OF HUNGARY URGED AN END TO FLOATING EXCHANGE RATES IN THE WEST, AND PROPOSED THE CREATION OF A CEMA "COMMON CONVERTIBLE CURRENCY." BORIS FOMIN OF THE USSR DISCUSSED THE BARRIERS TO GREATER SOCIALIST PARTICIPATION IN THE IMF/WORLD BANK SYSTEM.

4. SEVERAL PARTICIPANTS DEFENDED THE CREDITWORTHINESS OF THE CEMA COUNTRIES. LAWRENCE BRAINARD OF BANKERS TRUST FAVORABLY COMPARED PRESENT DEBT LEVELS AND REPAYMENT POTENTIAL OF THE CEMA COUNTRIES WITH MAJOR LDC COMMERCIAL BORROWERS, BUT WARNED THAT FUTURE ECONOMIC INTERDEPENDENCE -- AND CEMA CREDITWORTHINESS -- DEPENDED IMPORTANTLY ON THE WILLINGNESS OF EAST AND WEST TRADE POLICY-MAKERS TO ENCOURAGE GREATER CEMA EXPORTS TO THE DEVELOPED WEST. EXCHANGE RATE POLICIES IN THE WEST WERE DISCUSSED BY LAMFALUSSY OF THE BIS, AND EASTERN POLICIES BY POLACZEK OF POLAND.

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5. THE EMBASSY REGARDS A NUMBER OF THE PAPERS AS BEING OF CONSIDERABLE INTEREST, AND IS SUBMITTING A SET TO THE DEPARTMENT FOR DISTRIBUTION TO ALL ADDRESSEES UNDER COVER OF AN AIRGRAM.

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Message Attributes

Automatic Decaptioning: X
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